

Message Text

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DEPARTMENT PLEASE PASS TO DEPARTMENT OF LABOR AND HEW

E.O. 11652: N/A
TAGS: ELAB, GW
SUBJECT: VISIT OF FRG LABOR MINISTER TO US

1. MINISTER OF LABOR EHRENBERG'S VISIT TO THE US MARCH 20-30 IS PLANNED AS A WORK AND VACATION TRIP. ACCORDING TO HIS OFFICE IN BONN THERE ARE NO PRESSING ISSUES THAT HE INTENDS TO RAISE DURING HIS DISCUSSIONS IN WASHINGTON AT LABOR, HEW AND AFL-CIO.
2. HE IS INTERESTED IN EXPLORING WITH U.S. OFFICIALS COMMON CONCERNS ABOUT UNEMPLOYMENT AND SOCIAL SECURITY FUNDING. THESE ARE TWO OF THE MAJOR PROBLEMS CURRENTLY FACING THE FRG IN WHICH EHRENBERG AND HIS MINISTRY ARE HEAVILY ENGAGED.
3. UNEMPLOYMENT IS CONTINUING IN THE FRG WITH CHRONIC CONSTANCY. THE NUMBER OF UNEMPLOYED PERSISTS AT WELL OVER 1 MILLION (5.4 PERCENT IN FZHRUARY) WITH NO RELIEF FORESEEN IN THE NEAR TERM. THE GOVERNMENT HAS ADOPTED ECONOMIC AND FISCAL MEASURES INCLUDING A DM 16 BILLION PUBLIC INVESTMENT PROGRAM FOR THE PERIOD 1977-1980, TAX RELIEF, AND AN EXPANDED BUDGET WITH ADDITIONAL

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DEFICIT SPENDING IN 1978. IN THE MANPOWER FIELD, SPECIAL PROGRAMS WERE UNDERTAKEN TO ASSIST PLACEMENT OF OLDER WORKERS AND WOMEN, 20,000 PART-TIME PUBLIC SERVICE JOBS WERE CREATED, AND THE FEDERAL EMPLOYMENT SERVICE RECEIVED ADDITIONAL FUNDS TO EXPAND ITS COUNSELING AND PLACEMENTS STAFFS THROUGHOUT THE FRG. THE UNIONS BELIEVE THAT THE GOVERNMENT SHOULD PROVIDE MORE

ECONOMIC STIMULATION TO COMBAT UNEMPLOYMENT. THE UNIONS ALSO ADVOCATE LOWERING THE RETIREMENT AGE, EXTENDING THE PERIOD OF GENERAL EDUCATION OR ADDING A YEAR OF VETERNAL EDUCATION, AND REDUCING HOURS OF WORK AS ADDITIONAL MEASURES TO COMBAT UNEMPLOYMENT.

4. THE FINANCIAL VIABILITY OF THE SOCIAL SECURITY PENSION PROGRAM CONTINUES TO BE A PROBLEM FOR EHRENBERG. EARLIER GOVERNMENT ASSURANCES THAT THE PROGRAM WAS FINANCIALLY SECURE HAVE HAD TO BE MODIFIED. A JULY 1, 1977 LAW TO RESTORE THE FINANCIAL VIABILITY OF THE SYSTEM WAS FOLLOWED IN MID-FEBRUARY WITH A GOVERNMENT PROPOSAL FOR FURTHER MODIFICATIONS WHICH WOULD TEMPORARILY SUSPEND THE ADJUSTMENT OF OLD AGE PENSIONS ON THE BASIS OF WORKERS GROSS EARNINGS AND WOULD RAISE CONTRIBUTIONS BY 0.5 PERCENT IN 1981. THE PENSION FUNDING PROBLEM IS LIKELY TO BECOME A POLITICAL ISSUE IN THE VARIOUS LANDTAG ELECTIONS SCHEDULED DURING 1978.

5. IN ADDITION TO THE ABOVE SUBJECTS, ANOTHER AREA OF IMMEDIATE CONCERN TO EHRENBERG IS THE CURRENT ROUND OF WAGE NEGOTIATIONS IN THE FRG. ALTHOUGH THE GOVERNMENT REFRAINED FROM INVOLVEMENT IN ANY DISPUTE, GOVERNMENT SPOKESMEN HAVE MADE IT CLEAR THAT WAGE INCREASES IN EXCESS OF 4.5 TO 5 PERCENT WILL NOT BE COMPATIBLE WITH LIMITED OFFICIAL USE

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THE PROJECTED GROWTH RATE OF 3.5 PERCENT IN 1978. ALTHOUGH MAJOR INDUSTRY CONTRACTS HAVE NOT BEEN CONCLUDED YET, THERE ARE STRONG INDICATIONS THAT THE FINAL AGREEMENTS WILL EXCEED THE LEVELS PREFERRED BY THE GOVERNMENT. FURTHER, THERE ARE SIGNS THAT NUMEROUS STRIKES AND LOCKOUTS MAY OCCUR IN A NUMBER OF SECTORS BEFORE WAGE AGREEMENTS ARE REACHED. IF THAT OCCURS, IT WILL CAUSE SOME UNCOMFORTABLE STRAINS IN UNION/GOVERNMENT RELATIONS WITH EHRENBERG IN THE MIDDLE. MEEHAN

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